

SECTION II – SPECIFIC COMPLIANCE
FUND 70 – STUDENT ACTIVITY FUNDS

Organizations Under the Auspices of the School

An organization that is officially recognized by the school as part of the activity program of the school and the board of education, is at least indirectly responsible for supervision and control. The board should formally approve each fund in its school district. If any fund is an activity carried on by the board, an officer or employee of the board, or an organization of public school pupils conducted under the auspices of the board, the board must assure that financial and bookkeeping controls are established.

The State Board of Education has not prescribed a uniform system of bookkeeping for the activities funds of school districts. *N.J.A.C. 6A:23-2.14* states “Each district board of education and charter school board of trustees shall ensure through adoption of a formal board policy that all financial and bookkeeping controls are adequate to ensure appropriate fiscal accountability and sound business practices.” This policy shall include but not be limited to, the following minimum requirements:

- (1) Receipts shall be detailed showing date, sources, purpose and amount. All receipts should be promptly deposited in the bank. Bank deposits must agree with the receipts in the cash receipt book and must be traceable to definite receipts or groups of receipts.
- (2) Disbursements shall be recorded chronologically showing date, vendor, check number, purpose and amount. All disbursements should be made by check and supported by a claim, bill or written order to persons supervising the fund. Checks should bear two or more authorized signatures.
- (3) Book balances shall be reconciled with bank balances. Canceled checks and bank statements must be retained for examination by the auditor as part of the annual audit.
- (4) Student activity funds shall be classified by school.
- (5) Borrowing from the student activity is prohibited.

Local school district auditors should refer to Chapter 15 of the GAAP Technical Systems Manual.

GASB 34 Model

Fiduciary funds report resources that are held for others and that cannot be used to support a district's own programs. Student activity funds are fiduciary funds reported as agency funds within the CAFR. *N.J.A.C. 6A:23-2.14* states student activity funds are used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities.

In the basic financial statements, an agency fund is reported in a separate column in the *Statement of Fiduciary Net Assets*. Because an agency fund does not have net assets, it is not included in the *Statement of Changes in Fiduciary Net Assets*. The district will continue to present the *Student Activity Agency Fund Schedule of Receipts and Disbursements* in Other Supplementary Information.

Fund Raising in Schools by Outside Organizations

Organizations such as the United Fund, March of Dimes, etc., may request that moneys be collected. These funds are not subject to audit. Boards of education may give permission for the collection to be made in schools. Any teacher or pupil who serves as a collector does so as a private citizen and not as an

employee of the board. Accurate records must be kept but responsibility is to the organization and not to the board of education for the money collected.

In order to avoid misunderstanding, we advise that boards of education that give permission for soliciting in a school building by outside organizations, make it clear that the board is not directing the teachers and pupils to collect funds but merely granting permission to do so. The board is further advised to disclaim any responsibility for the protection of and the accounting for the funds to the outside organizations.

Any collector should understand that he/she is collecting voluntarily as a citizen and not as a teacher or pupil and that the board of education has no responsibility for the protection of moneys so collected.

Some boards may have given permission for depositing funds collected in drives in a school activity account and the issuance of checks thereon to the outside organization. Although this might be a convenience to school personnel who are handling the money collected, it causes an undesirable commingling of funds for which the board should have no responsibility. The commingling of such funds is legally suspect. However, if it occurs these are subject to audit by the boards' auditors.

Funds of Teacher Organizations and Parent/Teacher Organizations

The law provides that the books, accounts and moneys of any officer or employee of the board shall be audited. This does not mean that every time a school employee serves as treasurer of an organization that the account must be audited. It is only when money is held for which the board is directly or indirectly responsible that the accounts must be audited. The board has no responsibility for the funds of teacher organizations. A school employee who serves as a treasurer of such an organization does so as a citizen and not as an employee of the board. If moneys were deposited in a central school fund, they would be subject to audit.

Funds Collected by Teachers from Pupils for Immediate Purchase of Items

Teachers may receive money from children to buy magazines, tickets, etc., in bulk to save the children money. It is our opinion that in so doing the teacher represents the children and not the school board and assumes full responsibility for the transactions.